

IN THE CIRCUIT COURT OF JEFFERSON COUNTY, WEST VIRGINIA

STATE OF WEST VIRGINIA ex rel.
PATRICK MORRISEY, ATTORNEY GENERAL,

Plaintiff,

v.

CIVIL ACTION NO. 12-C-231
Honorable David H. Sanders

FAST AUTO LOANS, INC., a Virginia
corporation and VIRGINIA AUTO LOANS,
INC., a Virginia corporation,

Defendants.

AGREED FINAL ORDER

This day came the Plaintiff, State of West Virginia, ex rel. Patrick Morrissey, Attorney General ("the State") or ("Attorney General"), by counsel, Norman Googel, Senior Assistant Attorney General and Tanya Godfrey, Assistant Attorney General and also came the Defendants, Fast Auto Loans, Inc. ("FAL") and Virginia Auto Loans, Inc. ("VAL") (collectively "Defendants"), by their counsel, Christopher K. Robertson, Jackson Kelly PLLC, and advised the Court that they have reached an agreement in full resolution of the above-styled civil action.

Whereupon, the parties moved that the Court adopt their agreement as its final Order herein, which motion the Court, after due consideration of the terms thereof, hereby **GRANTS**.



It is therefore **ORDERED, ADJUDGED** and **DECREED** as follows:

1. The Defendants agree to comply with the West Virginia Consumer Credit and Protection Act ("WVCCPA"), W. Va. Code §§ 46A-1-101 *et seq.* and other applicable state and federal laws in their future business practices relating to the collection of debts from any persons presenting a West Virginia address at any time during their business dealings with Defendants (hereinafter referred to as "West Virginia Consumers").

2. The Defendants, without admitting and in fact denying that they have engaged in any of the conduct alleged by the State in its Second Amended Complaint in this action, promise to refrain from the acts or practices enumerated below when collecting debts from West Virginia Consumers.

a. Causing a telephone to ring or engaging any person in telephone conversations repeatedly or continuously, or at unusual times or times known to be inconvenient, with the intent to annoy, abuse, oppress or threaten any person at the called number.

b. Wrongfully communicating information relating to a West Virginia Consumer's alleged indebtedness to their employer or agent.

c. Unreasonably publicizing information relating to a West Virginia Consumer's alleged indebtedness to relatives or family members not residing with consumers.

d. Unreasonably publicizing information relating to a West Virginia Consumer's alleged indebtedness to other third parties.

e. Contacting third parties other than for the express purpose of acquiring or verifying a West Virginia Consumer's location information.

f. Accusing or threatening to accuse persons of fraud, any crime, or making any statement intended to disgrace or subject West Virginia Consumers to ridicule or contempt of society.

g. Making false threats of arrest, criminal prosecution or other prohibited actions; Defendant shall also take reasonable steps to inform any agents or independent contractors employed by the Defendants to not make false threats of arrest, criminal prosecution or other prohibited actions in the course of seizing motor vehicles that secure the Defendants' loans from West Virginia Consumers.

h. Employing persons or companies as agents or independent contractors to enter West Virginia for the purpose of taking possession of motor vehicles that secure loans from Defendants when such parties do not have a valid business registration certificate from the West Virginia State Tax Department and, if they are a foreign corporation, a certificate of authority from the West Virginia Secretary of State.

i. Making loans to West Virginia Consumers unless such loans are written in accordance with the provisions of the Virginia Motor Vehicle Title Lending Statute (Va. Code Ann. § 6.2-2200 *et seq.*, or any successor section), the Virginia Consumer Finance Act (Va. Code Ann. § 6.2-1500 *et seq.*, or any successor section), and/or other applicable Virginia and Federal laws.

3. The Defendants agree that all contacts with third parties will be governed by the restrictions found in § 46A-2-126 of the WVCCPA. Specifically, they acknowledge and agree that third parties may not be contacted except for the sole purpose of obtaining or verifying a West Virginia Consumer's location information. For purposes of this paragraph, "location

information” shall mean "a West Virginia Consumer's place of abode and his or her telephone number at such place, or his or her place of employment."

4. The Defendants further agree that in those instances when a third party may be contacted, the callers shall not publicize information relating to any alleged indebtedness of a West Virginia Consumer in violation of § 46A-2-126 of the WVCCPA.

5. The Defendants further agree, when contacting a third party, that (a) their employees must identify themselves but may not identify their employer unless expressly asked to do so by the third party; (b) they cannot communicate with any such third party more than once unless specifically requested to do so by that person or the employee “reasonably believes” the information previously provided was erroneous or incomplete and that the person now has correct or complete information; and (c) they may not request that the third party deliver messages to West Virginia Consumers.

6. The Defendants agree to make it their policy that in each instance when a third party is contacted, in relation to a West Virginia Consumer’s account, they will enter into their collection records the justification for contacting the third party.

7. The Defendants and the Attorney General acknowledge that the West Virginia accounts that are the subject of this Agreement are disputed and that any amounts allegedly owed by West Virginia Consumers are offset by the potential private claims of the consumers and the claims of the Attorney General for violations of the WVCCPA as alleged in the Second Amended Complaint filed in this civil action. Accordingly, the Defendants acknowledge that they are not required to file a 1099-C Cancellation of Debt form with the Internal Revenue Service on these accounts and agree that they will not do so.

8. The Defendants agree to close all accounts of West Virginia Consumers on which a balance is currently allegedly owed with a zero balance within sixty (60) days after entry of this Order. The Defendants represent that they have not reported any information pertaining to the West Virginia accounts to any consumer reporting agencies and do not intend to do so.

9. The Defendants agree to provide to the Attorney General a report in hard copy and electronically in Microsoft Excel, Microsoft Access, or another mutually agreed upon searchable format containing the names, addresses, telephone numbers, account numbers, and social security numbers of all West Virginia Consumers who allegedly owe a balance that is being cancelled as part of this agreement as well as the final amount that was allegedly owed. This report shall be provided within sixty (60) days after entry of this Order.

10. The Defendants agree to mark all original loan agreements or copies of loan agreements in their possession for all West Virginia Consumers who allegedly owe a balance at the time of this Agreement with the word "paid" or "cancelled" and to forward these agreements to the Attorney General for distribution to the consumers within sixty (60) days after entry of this Order.

11. The Defendants agree to unconditionally return, at the Defendants' expense, all vehicles seized from West Virginia Consumers that have not yet been sold to the consumers, and to provide the Attorney General with a report within sixty (60) days after entry of this Order identifying all such vehicles by their make, model, and VIN number, the consumers to whom they were returned, the loan account number, and date the vehicle was returned.

12. The Defendants agree to release all liens on the titles to motor vehicles that secured loans to West Virginia Consumers which were closed pursuant to paragraph 8 above and to forward either clear titles to those motor vehicles, if the title is in the Defendants' possession,

or to forward a lien release to the Attorney General for distribution to the consumers within sixty (60) days after entry of this Order.

13. The Defendants agree to train all of their employees who are engaged in the collection of debt from West Virginia Consumers in the WVCCPA, and other applicable state and federal laws pertaining to debt collection.

14. Prior to resumption of making loans to West Virginia residents, Defendants shall implement such policies and practices to ensure compliance with the terms of this Order. Defendants further agree that they will not resume making loans to West Virginia Consumers until they have fulfilled their obligations under paragraphs 8, 9, 10, 11, 12 and 15 of this Order.

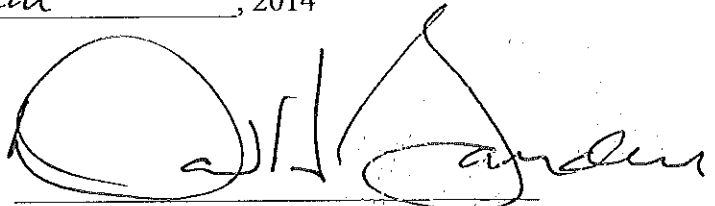
15. The Defendants shall, within ten (10) days after entry of this Order, make a payment of \$450,000 to the State of West Virginia to be used for the benefit of consumers. Of this amount, up to \$150,000 shall be designated for use as consumer restitution at the direction of the Attorney General. The remaining \$300,000, including any portion of the \$150,000 that is not used as consumer restitution, shall be used at the discretion of the Attorney General for any one or more of the following purposes: Direct and indirect administrative, investigative, compliance, enforcement, or litigation costs and services incurred for consumer protection purposes; to be held for appropriation by the Legislature; and/or distribution to tax payers and/or consumers. The Attorney General acknowledges that this amount is all-inclusive and that none of the Defendants will bear any additional or other costs, fees, or expenses, including attorneys' fees, or administration costs or expenses incurred in connection with implementation of the terms of this Order.

16. Each signatory to this Order represents and warrants that he/she/it has the power and authority to enter into this Order, and bind the entity/individual on whose behalf he/she/it executes this Order.

17. The Parties agree that the terms and conditions of this Order are binding upon FAL, VAL, their parent company and also upon each of their employees, servants, heirs, successors or assigns.

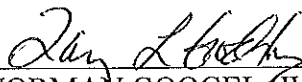
The Clerk is directed to provide a certified copy of this Order to all parties or their counsel of record.

ENTERED this 31st day of March, 2014



Honorable David H. Sanders, Judge
Circuit Court of Jefferson County

AGREED TO:



NORMAN GOOGEL (WV State Bar # 1438)
SENIOR ASSISTANT ATTORNEY GENERAL
Consumer Protection/Antitrust Division
Post Office Box 1789
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(304) 558-8986
Counsel for Plaintiff

A TRUE COPY
ATTEST:

LAURA E. STORM
CLERK, CIRCUIT COURT
JEFFERSON COUNTY, W.VA.

BY

DEPUTY CLERK



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Consumer Protection Division
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Counsel for Plaintiff

APPROVED FOR ENTRY:



CHRISTOPHER K. ROBERTSON (WV STATE BAR #5993)

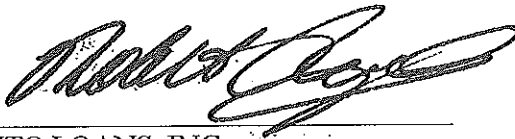
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Counsel for Defendants



FAST AUTO LOANS, INC.



VIRGINIA AUTO LOANS, INC.